

Message Text

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ACTION NEA-10

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 9226

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E.O. 11652: N/A

TAGS: ELAB EFIN SWEL IR

SUBJ: IRANIAN SOCIAL SECURITY LAW

REF A. STATE 218727 B. STATE 14438 C. TEHRAN 8432

1. QUESTION OF QUID PRO QUO GOI LIKELY TO DEMAND FOR GRANTING EXEMPTION TO INDIVIDUAL AND CORPORATE CONTRIBUTORS TO THE US SOCIAL SECURITY SYSTEM IS BEING TAKEN UP SHORTLY WITH REZA NEGHBAT, UNDER SECRETARY, MINISTRY OF HEALTH AND SOCIAL WELFARE, BY ECONOMIC/ COMMERCIAL COUNSELOR. NEGHBAT IS GOI OFFICIAL RESPONSIBLE FOR ESTABLISHING PROCEDURES FOR IMPLEMENTATION OF NEW LAW. COPIES OF TREATIES HAVE BEEN REQUESTED FROM FRENCH AND GERMAN EMBASSIES.

2. WE BELIEVE IT LIKELY THAT GOI WILL HOLD OUT FOR FULL RECIPROCITY. GENERAL TENDENCY IN IRAN AS SOCIAL LEGISLATION AND MODERN BUREAUCRATIC PROCEDURES ARE INTRODUCED IS TO REDUCE PREFERENCES, EXEMPTIONS AND SPECIAL TREATMENT WHICH HAVE BEEN SO CHARACTERISTIC OF GOVERNMENTAL AND INTERPERSONAL RELATIONS IN THE PAST. PARTICULARLY IN VIEW OF FACT THAT LEGISLATION IS MODELED IN GREATPART ON U.S. LAW, WE WOULD EXPECT GOI TO HOLD OUT.

3. ALTHOUGH ECONOMIC MERIT OF EXEMPTING U.S. BUSINESSMAN
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HERE IN PURSUIT OF COMMERCIAL AND TRADE GOALS AS EXPRESSED

BY JOINT COMMISSION CAN BE CITED, SUCH AN ARGUMENT IS NOT
LIKELY TO AFFECT GOI THINKING IF PREVIOUS EXPERIENCE WITH
BUREAUCRATIC REQUIREMENTS IS ANY GUIDELINE; E.G., UNWILLING-
NESS OF GOI TO CONFER OFFICIAL STATUS ON USG EMPLOYEE
TECHNICAL EXPERTS AND FAILURE TO UNRAVEL CONSEQUENT PROBLEMS
OF STATUS AND TAXATION ON A TIMELY BASIS.

4. RE REFTEL (A), AMONG U.S. FIRMS WHOSE TEHRAN OFFICES HAVE
REQUESTED LETTER OF EXEMPTION CITED REFTEL (C) FROM EMBASSY
IN RECENT MONTHS ARE: CATERPILLAR, CITIBANK, DEVELOPMENT AND
RESOURCES CORP., DRESSER, GRUMMAN, GTE, HOUSTON CONTRACTING
CO., KAISER ENGINEERS, LINBECK CONSTRUCTION, PARSONS-
JURDEN (H.M. PARSONS CO.), PHILADELPHIA NATIONAL BANK, SEA
LA
D SERVICES, WESTINGHOUSE, A
D WILLIAMS BROTHERS INTER-
NATIONAL. ALL BUSINESS FIRMS AND INDIVIDUALS HERE WOULD
CLAIM THAT THEY EXPERIENCED SERIOUS DIFFICULTY WITH NEW
IRA
IAN LAW. THE COMPANIES MOST AFFECTED, HOWEVER, WOULD
BE LARGE COMPANIES WITH EXTENSIVE CONSULTING AND/OR CON-
STRUCTION CONTRACTS REQUIRING LARGE NUMBERS OF EXPATRIATE
EMPLOYEES,
SUCH AS MORRISO
-KNUDSEN, FLUOR CORP. ETC.

5. DEPARTMENT SHOULD NOTE THAT ABOVE LIST IS NOT NECESSARILY
INCLUSIVE SINCE (A) SOME COMPANIES OF LONGSTANDING IN IRAN
ARE EXEMPTED ON THE BASIS OF ARRANGEMENTS MADE SOME TIME AGO
AND (B) IT IS POSSIBLE THAT SOME COMPANIES HAVE BEEN EXEMPTED
ON THE BASIS OF DOCUMENTATION OTHER THAN A COMMERCIAL CERTI-
FICATE LETTER; 3.G. AFFIDAVIT NOTARIZED BY CONSULAR SECTION OR
OTHER ARRANGEMENTS (AS NOTED EARLIER, EXEMPTION IS AD HOC AND
PROCEDURES MAY VARY DEPENDING ON OFFICIAL WITH WHOM CORPORATE
REPRESENTATIVE DISCUSSED SITUATION).

6. ADDITIONALLY, IT SHOULD BE NOTED THAT SOME FIRMS UNDER
CONTRACT TO THE MILITARY, FOR EXAMPLE BELL HELICOPTER, HAVE
EXEMPTIONS WRITTEN INTO THEIR CONTRACTS, A PROCEDURE EXCLU-
SIVE TO MILITARY CONTRACTS, AND THEN ONLY ON AN
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ON INDIVIDUAL CONTRACT BASIS. WHETHER THIS PROCEDURE WOULD
CONTINUE TO BE AN OPTION AVAILABLE TO MILITARY CONTRACTORS
WILL BE T
AKEN UP WITH MR. NEGHBAT.

7. LOCAL IRAN-AMERICA CHAMBER OF COMMERCE COMMITTEE HAS
BEEN IN CONSULTATION WITH EMBASSY ON THIS SUBJECT AND PLANS
TO MAKE REPRESENTATION ON BEHALF OF MEMBERSHIP, COORDINATED

WITH EMBASSY DISCUSSIONS. DO NOT BELIEVE IT NECESSARY AT THIS STAGE TO BRING IN JOINT BUSINESS COUNCIL. DEPENDING ON DIRECTION OF DIALOGUE, WE COULD CONSIDER BUSINESS COUNCIL PARTICIPATION AT LATER DATE.

8. SUGGEST THAT REPS OF COMPANIES WITH LARGE NUMBERS OF EXPATRIATES ON INFRASTRUCTURE PROJECTS, WHOSE VISIBILITY IN TERMS OF INCREASED COSTS IS HIGHEST, CONSULT WITH SSA AND POSSIBLY TESTIFY. ACCORDINGLY, WE WILL BE ASKING LOCAL REPS OF SOME OF LARGEST COMPANIES LISTED ABOVE TO DISCUSS SITUATION WITH HOME OFFICES AND WILL PROVIDE NAMES OF THOSE WHO REACT POSITIVELY TO SUGGESTION. HELMS

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